

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1872 – HB 1949

March 6, 2009

SUMMARY OF BILL: Broadens authorized uses of annual leave, compensatory leave, and sick leave upon retirement by state employees and teachers. The bill authorizes the option of a lump sum payment of unused sick leave upon retirement.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact – Exceeds \$30,000,000

**Increase Federal/Other Expenditures – Net Impact - Exceeds
\$7,000,000**

Increase Local Expenditures - Net Impact – Exceeds \$25,000,000*

Assumptions:

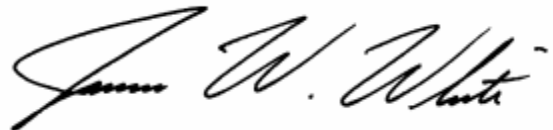
- State employees and teachers will take lump sum payments of unused sick leave upon retirement.
- Annual retirees: state government – 1,400; higher education – 750; teachers – 2,000, for a total of 4,150.
- An estimated increase in state expenditures for payment of unused sick leave upon retirement as follows: state government cost for 1,400 retirees exceeds \$30 million; higher education cost for 750 retirees exceeds \$22 million (higher education costs is based on information received on a similar bill introduced in 2007).
- The increase in local expenditures will exceed \$30 million for approximately 2,000 retired teachers per year.
- A cost savings to the retirement program from a decrease in the lump sum pension liability. The total estimated savings amortized over 20 years is estimated to exceed \$14.7 million to state government and \$4.7 million to local government entities.

- The annual net increase in expenditures for state government will exceed \$37 million of which \$7 million will be an increase in federal/other expenditures.
- The annual net increase in expenditures for local government (teachers) will exceed \$25 million.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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